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Medicare and Employer Health Plans

A Special Rule for People Age 65 or Older

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MEDICARE AND EMPLOYER HEALTH PLANS

A Special Rule for People Age 65 or Older

If you are over age 65, and working, or if you have a spouse, any age, who works, there is a special rule that may affect you. This rule, administered by the Equal Employment Opportunity Commission, says that employers with 20 or more employees must offer workers age 65 or older the same health insurance benefits that they offer to younger workers. The same rule applies to any workers who have spouses 65 or older.*

WHAT DOES THIS MEAN?

It means that you may accept or reject the plan offered by your or your spouse's employer. If you accept the employer plan, it will be your primary plan.

WHAT IS A PRIMARY PLAN?

A primary health insurance plan is a plan that pays first for any covered health care services you receive.

*The rule does not apply to individuals 65 and over who have permanent kidney failure. The special rule that applies to individuals under age 65 with permanent kidney failure who have employer group health plan coverage is explained in HCFA Publication No. 10128, Medicare Coverage of Kidney Dialysis and Kidney Transplant Services.

IF I ACCEPT THE EMPLOYER PLAN HOW DOES IT AFFECT MY MEDICARE COVERAGE?

If your employer plan does not pay all of the charges, Medicare may pay secondary benefits for Medicare covered services. In other words, it can help pay some of the expenses not paid by the employer plan. You should apply for Medicare hospital insurance. There's no premium if you have enough work credits under Social Security or Railroad Retirement, and it can supplement your employer plan.

Whether you wish to enroll in or keep Medicare medical insurance will depend on how fully the employer plan covers the doctors' and other health services that Medicare medical insurance covers. You need to consider whether the secondary benefits Medicare medical insurance would pay are worth the cost to you.

ISN'T THERE A PENALTY FOR SIGNING UP LATE FOR MEDICARE MEDICAL INSURANCE?

Not in this case. Special rules give you 7 months to enroll in Medicare medical insurance beginning when the employee stops working or drops the employer plan. In addition, you will not have a penalty surcharge for late enrollment added to the Medicare medical insurance premium.

WHAT IF I DON'T WANT THE EMPLOYER PLAN?

If you don't accept your or your spouse's employer plan, Medicare is your primary payer. But if you make that choice, the employer plan cannot pay supplemental benefits for Medicare-covered services.

WHAT DOES THAT MEAN?

It means the employer plan can provide coverage only for health care services that are not covered by Medicare (such as prescription drugs, hearing aids or routine dental care). Also, it means you must buy your own supplemental health insurance or "Medigap" plan, if you feel you need such additional protection.

HOW WILL I KNOW WHAT OPTIONS ARE AVAILABLE TO ME WHEN I BECOME 65?

The employer should provide each worker and spouse (if either is age 65), with an explanation of their options under the employer's health plan and how Medicare coverage is affected. The employer should also give them an opportunity to make a choice.

WHAT DO I DO ABOUT FILING CLAIMS IF I HAVE EMPLOYER PLAN COVERAGE?

You should give the hospital, doctor, or any other supplier of covered services the necessary information about the employer plan (name, policy number, etc.) and inform them that the employer plan should be billed first. If, for any reason, your doctor or supplier does not submit claims to the employer plan, send your own claim first to the employer plan or ask your personnel office to assist you. If the employer plan does not pay in full for services Medicare covers, enclose a copy of the employer plan explanation of benefits with your claim to Medicare for secondary benefits.

WHERE CAN I GET ADDITIONAL INFORMATION?

If you have questions or need additional advice about Medicare benefits or eligibility, contact your nearest Social Security office or the Medicare insurance carrier that handles your Medicare claims. (If you're entitled to Medicare under the Railroad Retirement system, contact your nearest Railroad Retirement Board district office.) For information on your private group plan coverage, consult your employer or your spouse's employer.

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